

Yinson Holdings (YNS MK)

2QFY26: Transitioning From EPCIC To Operation Phase

Highlights

- **We deem results in line with our forecasts, which are aligned to Enterprise Reporting (ER).** FPSO subsidiary, Yinson Production (YP), will only reveal the full ER accounts in end-Sep 25. Nevertheless, Yinson Holdings (YNS) left enough hints to suggest that our forecasts remain intact. There is a stark contrast between the 1HFY26 growth rates of YP's EBITDA, on IFRS basis (-13%) and ER basis (+84%).
- **Strong ER EBITDA truly reflects transition from the capex-intensive EPCIC phase to the operation phase.** This transition was made complete with FPSO Agogo early charter commencement on 12 Aug 25. We remain conservative (FY26 forecasts assume two months of Agogo's income), pending the receipt of final acceptance.
- **Value unlocking supports our unchanged BUY and SOTP-based target price of RM3.15.** We expect the group to focus on the execution phase with >US\$19b FPSO orderbook, while selectively replenishing FPSO contracts and refocusing on the high-quality non-O&G business to unlock value trap.

1HFY26 Group Results, Without YP's ER Accounts (available by end-Sep 25)*

Year to 31 Jan (RMm)	2QFY26	qoq % chg	yoy % chg	1HFY26	yoy % chg	Comments
Revenue	1,364	10.9	(36.3)	2,594	(40.4)	FPSO, IFRS 2Q/1H EBITDA: RM413m/ RM809m
EBIT	640	7.2	(17.3)	1,237	(17.6)	FPSO, ER 2Q/1H EBITDA: RM800m/ RM1,64b
EBIT margin (%)	46.9%	-1.6%	10.8%	47.7%	13.2%	1HFY26 growth, IFRS/ ER EBITDA: -13%/ +84%
Finance costs	(536)	53.1	20.4	(886)	8.4	Non-FPSO, 1HFY26: RM96m (vs RM83m yoy)
Associates	56	(12.5)	na	120	na	
Pre-tax profit	160	(17.9)	(52.0)	355	(48.6)	
Reported profit	101	(53.9)	(50.2)	320	(21.2)	
Core profit	131	(17.6)	(0.8)	290	(10.2)	We adopted YP's ER profit disclosure (TBC)

Source: YNS, YP, UOB Kay Hian

Analysis

- **Major disclosure of finance costs by segment – an unusual move for a Malaysian listed company that should deserve positive commendation.** We believe it is part of YNS' active commitment to streamlining investors' understanding of its segmental performance relative to YP's performance in the ER format. Having studied its previous ER accounts, we expect lumpy one-off refinancing costs on FPSO Maria Quitéria (to a US\$1.2b project bond issued on 7 Jul 25) to boost qoq finance expenses. Whereas, the associated financing costs for non-FPSO divisions in 1Q/1HFY26 of RM50m/ RM96m, clearly show the tight and prudent growth strategies employed for this division.

Key Financials

Year to 31 Jan (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	11,646	7,605	3,450	4,602	5,109
EBITDA	1,613	2,052	2,791	3,714	3,853
Operating profit	1,270	1,675	2,411	3,331	3,435
Net profit (rep./act.)	964	752	749	938	1,078
Net profit (adj.)	623	510	749	938	1,078
EPS	18.2	14.9	21.9	27.4	31.5
PE	13.5	16.5	11.2	9.0	7.8
P/B	1.5	1.6	1.5	1.3	1.2
EV/EBITDA	10.4	8.0	7.5	6.1	6.4
Dividend yield	1.2	1.2	2.0	2.0	2.0
Net margin	8.3	9.9	21.7	20.4	21.1
Net debt/(cash) to equity	183.0	188.2	237.3	237.1	237.6
Interest cover	1.7	1.2	2.0	2.0	2.1
ROE	16.8	13.2	12.7	15.1	16.3
Consensus net profit	-	-	637	841	911
UOBKH/Consensus (x)	-	-	1.17	1.11	1.18

* Past financials are based on IFRS FL; core profits excluded FL construction effects

Source: Yinson, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM2.39
Target Price	RM3.15
Upside	+31.8%

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Stock Data

GICS Sector	Energy
Bloomberg ticker	YNS MK
Shares issued (m)	3,211
Market cap (RMm)	7,682.0
Market cap (US\$m)	1,600
3-mth avg daily t'over (US\$m)	3-

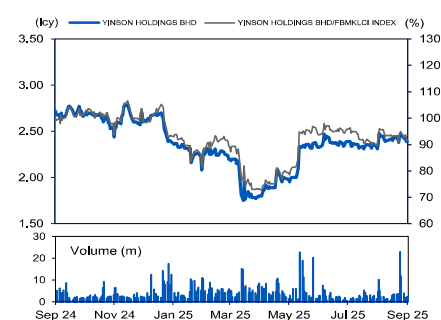
Price Performance (%)

52-week high/low			RM2.82/RM1.73	
1mth	3mth	6mth	1yr	YTD
2.0	6.6	8.6	(14.0)	(9.5)

Major Shareholders

	%
Yinson Legacy	16.6
EPF	17.1

Price Chart



Source: Bloomberg

Company Description

One of the largest global Floating, Production, Storage and Offloading (FPSO) operators. It has Engineering, Construction, Procurement, Installation and Commissioning (EPCIC) capabilities, and may record EPCIC income under Finance Lease (FL) method, as dictated by the International Financial Accounting Standards (IFRS). It also holds an associate stake in Offshore Support Vessels (OSV). Lately its FPSO subsidiary Yinson Production (YP), begun adopting Enterprise Reporting (ER), as a complementary disclosure to the statutory IFRS reporting. Under ER, YP adopted operating lease method and applied proportional consolidation based on YP's share in assets.

- **YP's 2QFY26 ER profit trend may be similar qoq.** In 1QFY26, YP reported two profit figures: US\$40m on an IFRS basis, and US\$48m on an ER basis. We expect 2QFY26 ER profit to also be superior to the IFRS version. Moreover, even with qoq higher financing costs due to FPSO MQ's refinancing costs, we expect the overall ER profit trend to closely align with YNS, as the project transitions from the EPCIC phase to the operation phase.
- **1HFY26 non-recurring items include:** a) a disposal loss of RM5m from Farosson (subsidiary); b) a disposal loss of RM4m from Oyika (subsidiary); c) an impairment of RM5m on an unidentified associate; d) a dilution loss of RM2m as its ownership of associate Liansson Fleet Group (LFG) declined by 6% to 17% (this implies RM6m as LFG's net contribution to 2QFY26 associate profit); and e) RM15m in investment losses, forex and hedging costs (on Yinson Renewables).

Valuation/Recommendation

- **Maintain BUY, with an SOTP-based target price of RM3.15.** This implies 14x FY26F PE, or 10x long-term PE once FPSO Agogo fully contributes to earnings by FY28.

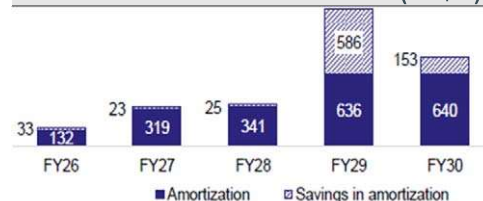
Earnings Revision/Risk

- **We chose to remain conservative, with unchanged forecasts** that factor in two months of Agogo's income for FY26. Firstly, we prefer to update our forecasts after reviewing the ER accounts for 1HFY26. The FPSO Agogo achieved first oil on 28 Jul 25, and commenced its 15-year charter after receiving Provisional Operational Readiness Certificate on 12 Aug 25. While this early delivery (four months ahead of schedule) is a hallmark achievement, we assume at this stage Agogo is not yet at full charter. We understand that the timeframe to receive Final Acceptance is very soon, as >90% of the punch lists were already achieved during the PORC stage.

Share Price Catalyst

- **Potential uplift to a RM3.45 target price, purely on existing assets.** We have not assumed FPSO AJ's new firm expiry of 2034, and FPSO Helang's extension (similar to FPSO AJ, which may see firm expiry in 2038). We also do not assume new projects for now, Yinson is bidding for more FPSO jobs, and would ideally secure one project at a time. This would be a more sustainable growth given that YNS' debt remains high at RM17.5b.

YP's Debt Amortisation Schedule (US\$m)



Source: YNS

Yinson GreenTech Highlights

marinEV	drivEV	chargEV
Partners with Blue Ctrl to power innovation in electric marine vessels	Delivered to date 280 electric vans to Pos Malaysia	Unites with Malaysia's Charge Point Operators to form eRoaming Hub Alliance for seamless EV charging experience
	Total fleet size expanded from 207 in 1HFY25 to 381 yoy.	Gross merchandise value doubled yoy to RM6m

Note: RydEV is no longer part of the group
Source: YNS

SOTP Target Price

FY26F	Valuation	RM
FPSO Adoon	DCF (Blended IRR 12%)	0.07
FPSO JAK, firm only	DCF (IRR 14%, 74% stake)	0.71
FPSO Helang, firm	DCF, US\$280m capex + US\$50m residual value	0.46
FPSO Abigail-Joseph (AJ)	DCF (IRR 25%)	0.34
MOPU	11x PE	0.02
Lam Son	redeployment	0.07
FPSOs Anna Nery and PDB	DCF (IRR 17%, both assume 63-85% stake)	2.76
FPSO Agogo	DCF (IRR 20%, 85% stake from 100%)	1.58
Atlanta, and new FPSOs	Include chance of more contract wins	1.24
(-) Minus net debt	Include all perpetuals	(4.14)
SOTP (diluted)	RM3.4b shares include warrants conversion	3.15
Implied FY26F PE	-	14.4x
Implied FY28F PE	-	10x

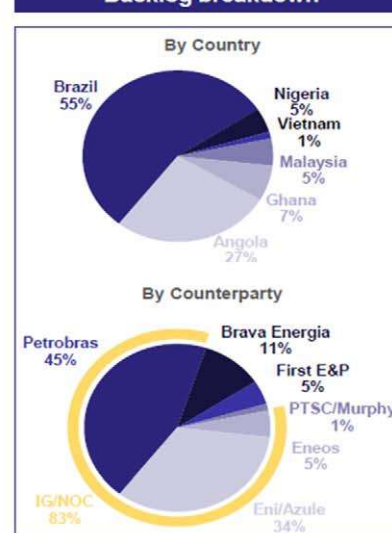
Source: UOB Kay Hian

FPSO Orderbook Of RM19.6b (ER Basis)

	Vessel	Client	Credit rating ^a	Country	Backlog (USDbn)	Ownership ^b	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
In operation	FPSO Maria Quitéria	BR	BB+	Brazil	5.3	100%																								
	FPSO Anna Nery	BR	BB+	Brazil	3.4	63.2%																								
	FPSO Atlanta	BR	-	Brazil	2.1	100%																								
	FPSO John A Kufuor	ENI	IG	Ghana	1.3	74%																								
	FPSO Helang	ENROS	IG	Malaysia	1.0	100%																								
	FPSO Abigail-Joseph	First E&P	-	Nigeria	0.9	100%																								
	FSO PTSC Bien Dong	PTSC	Sov	Vietnam	0.04	49%																								
On order	FPSO PTSC Lam Son	PTSC	Sov	Vietnam	0.01	49%																								
	FPSO Agogo	IG	IG	Angola	5.3	100%																								
	FSO Lac Da Vang	MURPHY	BB+	Vietnam	0.2	49%																								
	Total¹				19.6																									

Source: YNS

Backlog breakdown



Profit & Loss

Year to 31 Jan (RMm)	2025	2026F	2027F	2028F
Net turnover	7,605	3,450	4,602	5,109
EBITDA	2,052	2,791	3,714	3,853
Deprec. & amort.	377	380	382	419
EBIT	1,675	2,411	3,331	3,435
Total other non-operating income	-	0	0	0
Associate contributions	(21)	84	89	109
Net interest income/(expense)	(1,736)	(1,367)	(1,846)	(1,828)
Pre-tax profit	1,120	1,128	1,575	1,716
Tax	(167)	(168)	(251)	(290)
Minorities	(201)	(211)	(386)	(348)
Net profit	752	749	938	1,078

Cash Flow

Year to 31 Jan (RMm)	2025	2026F	2027F	2028F
Operating	(3016)	(2,253)	731	925
Pre-tax profit	1,120	1,128	1,575	1,716
Tax	(332)	(168)	(251)	(290)
Deprec. & amort.	377	380	382	419
Associates	21	(84)	(89)	(109)
Working capital changes	(5,116)	(3,509)	(886)	(810)
Other operating cashflows				
Investing	(486)	(782)	(500)	(500)
Capex (growth)	(560)	(782)	(500)	(500)
Investments	(41)	0	0	0
Others	115	0	0	0
Financing	3,336	2,315	383	(2,302)
Dividend payments	139	171	171	171
Issue of shares	920	0	0	0
Proceeds from borrowings	5,054	1,042	4,100	2,270
Loan repayment	(1,381)	0	4,500	0
Others/interest paid	(1,118)	1,444	155	139
Net cash inflow (outflow)	(166)	(720)	614	(1877)
Beginning cash & cash equivalent	3,063	2,679	1,959	2,573
Changes due to forex impact	(218)	0	0	0
Ending cash & cash equivalent	2,679	1,959	2,573	696

Balance Sheet

Year to 31 Jan (RMm)	2025	2026F	2027F	2028F
Fixed assets	4,421	8,831	9,708	10,548
Other LT assets	16,473	17,073	22,173	24,273
Cash/ST investment	2,679	1,959	2,573	696
Other current assets	899	408	544	604
Total assets	25,501	29,279	36,017	37,145
ST debt	1,247	1,818	2,416	2,914
Other current liabilities	1,425	1,224	4,374	4,747
LT debt	14,807	18,049	19,549	19,039
Other LT liabilities	523	163	193	193
Shareholders' equity	7,105	7,547	8,177	8,948
Minority interest	282	366	521	660
Total liabilities & equity	25,501	29,279	36,017	37,145

Key Metrics

Year to 31 Jan (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.0	80.9	80.7	75.4
Pre-tax margin	14.7	32.7	34.2	33.6
Net margin	9.9	21.7	20.4	21.1
ROA	3.7	3.4	3.7	4.1
ROE	13.2	12.7	15.1	16.3
Growth				
Turnover	110.8	(4.4)	27.6	41.6
EBITDA	101.0	173.4	263.7	277.4
Pre-tax profit	56.4	57.5	119.9	139.6
Net profit	87.5	86.8	133.8	168.8
Net profit (adj.)	26.6	85.8	132.7	167.5
EPS	26.6	85.8	132.7	167.5
Leverage				
Debt to total capital	217.3	251.1	252.5	228.5
Debt to equity	226.0	263.3	268.6	245.3
Net debt/(cash) to equity	188.2	237.3	237.1	237.6
Interest cover (x)	1.2	2.0	2.0	2.1

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